

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02

PRS-01 /107 W

----- 011651

R 290750Z MAY 75

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 12

INFO RUKOBT /AMEMBASSY JAKARTA 3712

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 2966

E.O. 11652: N/A

TAGS: ENRG MY

SUBJ: PETROLEUM DEVELOPMENT (AMENDMENT) ACT -- RAZALEIGH COMMENTS

1. SUMMARY. IN PRESS INTERVIEW PUBLISHED MAY 19 TENGKU RAZALEIGH CHAIRMAN OF PETRONAS QUOTED AS SAYING GOM HAS NOT YET DECIDED NATIONALIZE OIL COMPANIES UNTIL SUCH TIME AS GOVT IS ABLE TO EQUIP THEMSELVES AND IS CAPABLE OF DOING SO. PETRONAS WILL CONTROL THE MANAGEMENT AND RUNNING OF ALL OIL COMPANIES IN MALAYSIA TO ENSURE THAT THE POLICY OF BUMIPUTRA PARTICIPATION IN OIL FIELD IS CARRIED OUT. HE ALSO QUESTIONS WHETHER OIL COMPANIES HAVE BEEN GIVING ACCURAGE PRODUCTION FIGURES AND INFO TO GOVT. END SUMMARY.

2. QUOTED BELOW ARE PRINCIPAL POINTS OF AN INTEFVIEW IN "UTUSAN MALAYSIA", LARGEST MALAY LANGUAGE NEWSPAPER, WITH TENGKU RAZALEIGH, CHAIRMAN AND CHIEF EXECUTIVE OF PETRONAS.

Q. DO YOU THINK THAT THE FIGURES ANNOUNCED BY OIL COMPANIES IN MALAYSIA REGARDING OUTPUT PRODUCED ARE TRUE AND BASED ON UNCLASSIFIED

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THE ACTUAL TOTAL?

A. THIS IS STILL A QUESTION TO US. ALL THIS WHILE OIL COMPANIES HAVE BEEN CARRYING OUT THEIR WORK VERY FREELY WITHOUT ANY SUPERVISION OF CONTROL BY THE GOVT. THIS IS BECAUSE OF CONCESSIONARY RIGHTS WHICH THEY RECEIVED FROM THE GOVT FOR CARRYING OUT ACTIVITIES OF EXPLORING, DRILLING, PRODUCING, PROCESSING, ETC. EVEN THOUGH GOVT HAS A SHARE IN THEIR ACTIVITIES ALL THIS WHILE SPECIAL ATTENTION WAS LIMITED TO ENSURING THAT THEIR ACTIVITIES ARE CARRIED OUT ACCORDING TO LEGAL PRINCIPLES. WHATEVER FIGURES ARE GIVEN BY SARAWAK SHELL LTD. ON THE VALUE OF PRODUCTION ARE TAKEN FOR GRANTED. NO ONE KNOWS ACTUAL FIGURES EXCEPT 'PEOPLE INSIDE'. OF COURSE PEOPLE INSIDE WILL NOT SAY A THING BECAUSE THEY ARE COMPANIES' EXPERTS BROUGHT FROM OVERSEAS.

Q. WHY CAN'T GOVT HAVE RIGHT TO CHECK OR CONTROL THEIR ACTIVITIES?

A. THIS IS BECAUSE OF THE CONDITIONS LISTED UNDER THE PETROLEUM MINING ACT OF 1966 CARRIED OUT THUS FAR WHICH ALLOWS THE GOVT. 'TO GO UP TO THE GATE' BUT ONLY SEE THROUGH A TELESCOPE FROM OUTSIDE THE GATE. THE GOVT NOW KNOWS SHE HAS BEEN 'SUPPRESSED' (BY THE OIL COMPANIES) AND INDIRECTLY 'PLAYED OUT' BY SPECIFIC GROUPS WHEREAS WE SHOULD HAVE MORE RIGHTS. BECAUSE OF THESE REASONS THE GOVT DECIDED TO PUT FORTH THE 1975 PETROLEUM DEVELOPMENT AMENDMENT BILL IN THE DEWAN RAKYAT ON 4/1/75.

BESIDES OTHER POWERS PETRONAS WILL CONTROL THE MANAGEMENT AND RUNNING OF ALL THE OIL COMPANIES IN MALAYSIA AND ENSURE THAT THE POLICY OF BUMIPUTRA PARTICIPATION IN OIL FIELD IS CARRIED OUT AND THIS IS ONE METHOD TO CONTROL THE OIL INDUSTRY AND THE COMPANIES CONCERNED SO THAT THE PEOPLE AND COUNTRY WILL RECEIVE FULL BENEFIT FROM THIS PARTICULAR SOURCE OF RICHES..

Q. WHAT ARE THE BASES THAT MADE THE GOVT, ESPECIALLY PETRONAS, BEGIN TO DOUBT THESE COMPANIES' ACTUAL ACTIVITIES?

A. IT CANNOT BE DENIED ALL THIS WHILE COMPANIES HAVING CONNECTION WITH PETROLEUM AND PETRO CHEMICAL PRODUCTS HAVE UNCLASSIFIED

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OBTAINED PROFITS AMOUNTING TO MILLIONS OF DOLLARS ANNUALLY. THE GOVT BY THE 1967 PETROLEUM INDUSTRIAL TAXATION ORDER IMPOSED A VERY LOW TAX COMPARED TO THE VERY LARGE PROFITS OBTAINED. THE GOVT ONLY RECEIVED ROYALTIES FROM THE PRODUCTION OF PETROLEUM AND PETRO CHEMICALS AND HOW MUCH IS ROYALTY COMPARED TO THE PROFITS THEY OBTAINED. THIS IS VERY DISHEARTENING AND THE GOVT CANNOT AFFORD TO ALLOW THIS TO PROLONG BY 'EXPLOITING' THE COUNTRY'S RICHES FOR THEIR BENEFIT

AND THEIR INTEREST.

I MET A TECHNICIAN (NOT IN MALAYSIA ALTHOUGH HE IS MALAYSIAN) WHO WAS RESPONSIBLE FOR REPAIRING AND CHECKING AND SUPERVISING THE PIPING CHANNEL OF CRUDE OIL FROM WELLS AT THE BASE OF THE SEA, WHO TOLD ME THAT THERE WERE SEVERAL PIPES THAT WERE BUILT AT THE BASE OF THE SEA BEING CHANNELLED TO THE MIDDLE OF THE SEA. I ASKED MYSELF, AFTER FAILING TO OBTAIN ANY EXPLANATIONS FROM THE TECHNICIAN, THE USE OF THE PIPES. IS THIS A FORM OF 'STEALING' BY CERTAIN OIL COMPANIES BY DIRECTING THE FLOW OF CRUDE OIL TO THE ABOVE CHANNELS TO WAITING TANKERS (OR SUBMARINE TANKERS) AND THEN TAKEN AWAY TO BE PROCESSED?

Q. IS THERE A POSSIBILITY OF THE ACTIVITY OF 'STEALING' SUCH AS THIS HAPPENING IN OUR COUNTRY, IN PARTICULAR SARAWAK OR SABAH?

A. POSSIBLE* THIS IS NOT SOMETHING EXTRAORDINARY WITHOUT HAVING THE POSSIBILITY. WE CANNOT PINPOINT WHETHER THERE IS OR THERE IS NOT BECAUSE WE DO NOT HAVE CONCRETE EVIDENCE. BUT BY THE ENFORCEMENT OF THE ACT THE GOVT WILL NOT HESITATE TO TAKE ANY ACTIONS, ACCORDING TO THE LAWS. RIGHT NOW THE GOVT, ESPECIALLY PETRONAS, WILL BEGIN TO PLAY AN IMPORTANT ROLE IN THIS COUNTRY AND WILL ENSURE THAT THERE WILL NOT BE ANY DEVIATIONS TAKING PLACE IN THIS INDUSTRY. THE DECISION TO NATIONALISE INDUSTRIES SUCH AS PETROLEUM BY PRODUCING COUNTRIES ESPECIALLY IN WEST ASIA IS ONE CLEAN METHOD FOR THE INTEREST OF ECONOMY, INDUSTRY AND COUNTRY EVENTHOUGH IT IS NOT REGARDED AS CLEAN IN THE FIELD OF POLITICS. BUT THE MALAYSIAN GOVT HAS NOT YET DECIDED TO DO SO UNTIL SUCH TIME WHEN WE ARE ABLE TO EQUIP OURSELVES AND ARE CAPABLE OF DOING SO. THE GOVT NOW WILL CONTINUE TO PLAY ITS ROLE AS STATED IN THE PETROLEUM DEVELOPMENT AMENDMENT ACT.

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AS STATED BY THE PRIME MINISTER RECENTLY, MALAYSIA HAS NOT DECIDED TO NATIONALISE THE PETROLEUM INDUSTRY IN THIS COUNTRY. THE COUNTRY STILL LACKS TRAINED LABOUR, TECHNICAL KNOW-HOW, FULL EXPERIENCE AS WELL AS ALL THE KNOWLEDGE NEEDED TO MANAGE THIS INDUSTRY OURSELVES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, PETROLEUM, LAW, NATIONALIZATION
Control Number: n/a
Copy: SINGLE
Draft Date: 29 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUALA02966
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750191-0796
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750510/aaaaaiko.tel
Line Count: 161
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 01 DEC 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 DEC 2003 by ThomasVJ>; APPROVED <12 JAN 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM DEVELOPMENT (AMENDMENT) ACT -- RAZALEIGH COMMENTS
TAGS: ENRG, MY, US, (RAZALEIGH TENGKU HAMZAH)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006